

Executive Registry

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THE DIRECTOR  
CENTRAL INTELLIGENCE

NIO

2078-77

National Intelligence Officers

19 Aug 1977

6 SEP 1977

NOTE FOR: The Director

FROM : Richard Lehman  
Associate Deputy to the DCI for  
National Intelligence

*Enclosed*  
Attached is the paper you asked about  
this morning on Chinese attitudes toward  
"normalization." It was sent to Secretary  
Vance over Bob's signature, with a copy to  
Brzezinski.

Richard Lehman

Attachment

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Normalization: PRC Objectives and Priorities

I. The Dynamics of the Chinese Position

A. The Soviet Threat: Concern over Soviet intentions toward China remains the driving force behind Peking's interest in improved ties with Washington, which Peking sees as providing it with a strategic counterbalance to the USSR. The Chinese believe that the Soviet Union is attempting to "surround" China and that the US connection makes this effort much more difficult for the Soviets. While the Chinese remain skeptical about US willingness to "stand up" to what they believe are Soviet expansionist activities in other regions, particularly in southern Africa, Peking seems generally encouraged that Washington has not attempted to reach rapid agreement with Moscow on key issues such as arms limitations.

B. China is also drawn to the US by its belief that the relationship contributes to its own efforts to contain Soviet influence in Asia. For example, through the Washington connection, Peking is able to lobby for a continued US military presence in the region and close US-Japan ties, and to condone the halting rapprochement between Washington and Hanoi. While Peking ultimately hopes to carve out its own sphere of influence in Southeast Asia, the Chinese are not yet capable of accomplishing that objective. A continuing US presence in the region, therefore, is important both to China's immediate security concerns and to its longer term interests.

C. The Taiwan Factor: For the Chinese the Taiwan issue is the central bilateral problem between Washington and Peking. It also is a factor in Peking's attempts to judge the importance Washington assigns to China in international affairs. Despite frequent reminders that it is determined to "liberate" Taiwan, Peking has consistently placed a higher value on retaining the US as a counterweight to the USSR than on resolving the Taiwan matter. In any negotiations with the US, the Chinese will be faced with the challenge of avoiding a sacrifice of one objective for the other.

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D. Technology Transfer: China's new post-Mao leaders have already made it clear that China will devote a major share of its resources in the next several years to economic development and industrial modernization. These goals are likely to require important inputs of Western technology. The Chinese regard the US as an important reservoir of this technology. But between 1972-76, only 7.5 percent (by value) of China's plant purchases were from the US. This figure, however, is deceptive since a far larger amount of US technology reached China through third parties. Even if Sino-US ties deteriorate somewhat, China would have access to most of what it needs. But at the same time, there are a limited number of items that the Chinese have sought but have been unable to obtain because of US objections. In these cases, the Chinese must resort to surreptitious procurement if they are to have them at all. The Chinese remain interested in a relaxation of US restrictions which might result from closer political ties. Moreover, if Peking were to enter the international arms market, such purchases from COCOM member suppliers almost certainly would require a measure of tolerance, if not cooperation, on the part of the US.

## II. Negotiations

A. View of the US: The Chinese apparently are aware at least in general terms, of the US domestic factors that influence the formulation and execution of Washington's policies toward China. They may well have concluded:

1. That a politically viable Taiwan lobby still exists in the US and that support for Taiwan is concentrated in the Congress, the Pentagon and portions of the business community and press;
2. That these pro-Taiwan pressures are manageable by a forceful President so long as he is not mired in political scandal (Nixon) or faced with an election campaign (Ford);
3. That Carter has demonstrated a capacity for bold initiatives in foreign policy (e.g., Human Rights, SALT).

In other words, the Chinese may have judged that, if Carter wants to normalize relations with Peking, he can overcome

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domestic opposition by moving well before the next election campaign begins. By the same token, the Chinese themselves probably feel under some pressure to move on normalization before the campaign.

B. The Chinese appear to have been impressed by high-level administration statements on China in the aftermath of the abortive US-USSR summit in Moscow last spring. They treated Secretary Vance's speech in late June and the President's subsequent press conference as "positive" indicators. This may have led Peking to conclude tentatively that the new administration would pursue the China connection more vigorously when relations with the Soviet Union grow more problematic. Such difficulties between Washington and Moscow will probably reinforce Peking's resolve to stick to its basic "principles" in negotiating with the US. They are likely to let it be seen, however, that there is a degree of flexibility in the Chinese position regarding "practical arrangements" resulting from a Sino-US settlement. Therefore, if US-Soviet relations continue to deteriorate markedly over the coming year, the Chinese might conclude that greater flexibility on these arrangements was in their interest. Furthermore, China might sense in such a situation an opportunity to bring about some more permanent re-adjustment of the great power triangle to its own advantage, thus improving in a lasting way its security position vis a vis the USSR.

C. Some Chinese leaders may view the approaching Soviet succession with apprehension, as there is always the possibility that a new leadership may try to bring Peking to terms by gradually increasing military pressure. These Chinese leaders could argue for an acceleration of normalization with the US as a necessary hedge against this possibility. Moreover, Peking almost certainly believes it important to move negotiations with the US forward in order to arrest any tendency in the US towards a "two-China" solution to the Taiwan question. This has always been a factor in Chinese calculations, but it may have been reinforced by statements made during the recent presidential campaign and in the early days of the new administration. At present, however, indications are that the Chinese feel under little pressure to accelerate normalization if it must come at the expense of their view of Taiwan's status.

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D. Nonuse of Force: One of Peking's objectives in seeking an accommodation with the US is to improve the chances of gaining ultimate control over Taiwan. Peking's "three conditions" for normalization--breaking of diplomatic ties with Taipei, withdrawal of US forces from Taiwan and abrogation of the mutual defense treaty with Taipei--are intended as steps toward this objective, which while less important to China than the strategic value associated with closer Sino-US ties, will influence Peking's attitude in any negotiations with the US. While the Chinese will be determined primarily to obtain formal US recognition of Peking's legal claim to Taiwan, they may also seek arrangements that would reduce the likelihood that the US would actively oppose any future attempts to further isolate Taiwan or persuade its people to submit to control from Peking. For these reasons, Peking seems determined to resist any US pressure for a Chinese nonuse of force declaration. Such a declaration, regardless of how ambiguous its language, impairs the claim that Taiwan is a part of China. Clear title to Taiwan has been a long-standing objective and the issue undoubtedly carries a lot of emotional freight among Chinese. A major objective of China's policy toward Taiwan over the next few years is to draw the Nationalists into negotiations before Taiwan's "drift" away from the mainland results in some form of legal separation. A nonuse-of-force guarantee from Peking would substantially reduce Taipei's incentive to enter into negotiations with Peking.

E. Carrot and Stick: While Peking has never wavered in its stated determination to "liberate" Taiwan, its attitude toward the means for taking control of the island has fluctuated between toughness and lenience in the past few years. China's release of Nationalist political prisoners and its reassurances to "Taiwan Compatriots" who want to return to China were examples of the carrot in this carrot-and-stick approach. On the other hand, Chinese assertions that force would ultimately be necessary to reunite Taiwan, which were especially frequent earlier this year, were examples of the stick, as were the military exercises that were conducted at the southern end of the Taiwan Strait the past two years. In addition to creating some apprehension in Taipei, these moves serve to demonstrate to Washington Peking's determination not to subscribe explicitly to a nonuse of force guarantee regarding Taiwan.

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F. Most recently, especially since Secretary Vance's speech on 29 June, the Chinese have frequently and usually positively highlighted statements or actions by leading US officials. These moves appear to be designed to establish a positive context for the Secretary's visit. While maintaining the inviolability of the "three conditions", Chinese officials abroad, in statements meant to reach the US, have hinted at Peking's receptiveness to US proposals that might help improve bilateral relations. These officials have consistently noted that Peking would have no objection to continuing US trade and other unofficial relations with Taiwan. None has ruled out the possibility of continuing US arms sales to Taiwan after normalization, and some have hinted that Peking would have no objection to such sales if handled discreetly. Some have also suggested that Peking could show considerable flexibility in countenancing the method in which Washington's mutual defense treaty with Taipei is made ineffective. While none of these officials have shown any sign of flexibility on the nonuse of force question, it is possible--in the light of their positive remarks on these other subjects--that Peking would be willing to accept silently a unilateral US declaration of its desire for a peaceful resolution of the Taiwan issue. To what extent the form and content of such a statement would have to be diluted to accommodate Peking can only be gauged once negotiations are well underway. Washington may be able to sweeten the pill if the declaration were to contain a nuance which could be interpreted as also directed at possible Soviet intentions toward Taiwan.

G. Arms Supplies to Taipei: While Peking has hinted that it might allow continued arms sales to Taiwan, their long-term objective of assuming control of the island probably means that they will seek to limit these sales, perhaps reducing the flow to a trickle over time. In this sense, Peking would be requiring a change in substance and not simply in form. If the Chinese allowed the US to substantially resupply and refurbish Taiwan's military forces, it would undercut Taipei's incentive to come to terms with Peking. On the other hand, a gradual reduction in Taiwan's ability to defend itself coupled with an expanding military capability on the other side of the Strait would bring considerable pressure to bear on Taipei over time.

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H. US Official Presence: Meanwhile, China would not want to interfere with US and Japanese economic ties to the island. The Chinese probably reason that these links will have an important moderating effect as Taipei surveys its options. Moreover, Peking may well hope for a US mediating role in facilitating any talks with Taipei. A continuing American presence would be essential if Washington is to exercise any influence in Taipei. It is doubtful, however, that the Chinese would tolerate a clearly designated, official US government entity on Taiwan.

I. The Russian Card: There is no evidence to date that the Chinese have attempted to play on US concern over a possible Sino-Soviet rapprochement to gain leverage over the US. Nonetheless, there have been signs in the past of pressures within the Chinese leadership for a reduction of tensions with Moscow. These pressures could surface again, especially if there is a marked deterioration in Sino-US relations, or loss of confidence in US resolve and they might result in Chinese gestures toward the Soviets. Nonetheless, no major Chinese concessions to the Soviets are likely. The Chinese realize they must at all costs avoid gestures which may be misunderstood in Moscow as weakness. From China's perspective any effort at reconciliation would have to be characterized by strict reciprocity, especially during the initial stages. For this reason progress will come in inches, if at all. In these circumstances China's relations with the US and the Soviets of necessity would move along quite separate tracks, having only indirect effect on one another.

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# ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Paper re Chinese Attitudes Toward "Normalization"

FROM:

AD/DCI/NI

EXTENSION

NO.

DATE

19 Aug 1977

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show for whom to whom. Draw a line across column after each comment.)

RECEIVED

FORWARDED

1.

DCI

*Rec'd  
20 Aug.*

2.

3.

4.

*AYI*

5.

*copy of this*

*PAPER ON CHINESE*

*ATTITUDES TOWARD*

*NORMALIZATION*

*WENT TO DR.*

*BRZESINSKI. He*

*10 MIGHT MENTION*

*11 TODAY OR TOMORROW.*

12.

13.

14.

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